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SUBJECT: CANADA: CONSERVATIVE BOUNCE FROM BY-ELECTIONS

REF: OTTAWA 858; OTTAWA 777

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¶1. (SBU) Summary: The governing Conservatives added two seats in the House of Commons on November 9, after the governing party surprisingly won two of four federal by-election victories. Its upset win in rural Quebec suggests the party may at least be back in the game in that province. The Conservatives came a solid second in a suburban Vancouver riding, which the New Democratic Party (NDP) won. The NDP placed second in two of the other by-elections, and is already boasting that it is the only opposition party with "momentum," especially since the Bloc Quebecois lost one seat. The Liberals had not expected to win any of the four seats, but finishing third in all four ridings and losing vote share in three of four ridings over 2008 forced leader Michael Ignatieff to admit publicly that "we have a lot of work ahead of us." Turn-out everywhere was low, and the races largely reflected local issues. Overall, the results were a win-win for the Conservatives, who appear to be on the right track to possibly winning a majority in the next federal election - whenever that may be. End summary.

CONSERVATIVES: NOT DEAD IN QUEBEC

¶2. (U) In the November 9 federal by-elections (reftels), voter turn-out varied between 22.3% and 36.6% in the four races in Quebec, Nova Scotia, and British Columbia. In the eastern Quebec riding of Montmagny-L'Islet-Kamouraska-Riveire-du-Loup, Conservative Bernard Genereux surprised many observers by retaking the riding from the Bloc Quebecois after sixteen years in Bloc hands. A popular local mayor, Genereux defeated Bloc candidate Nancy Gagnon by 42.7% to 37.7%. Federal spending -- and the candidate who could best deliver such investment in the future -- were the major campaign issues in the essentially two-horse race. The Liberal and NDP candidates garnered 13.2% and 4.8% of votes cast, respectively.

¶3. (SBU) In the Montreal-area, the Bloc Quebecois easily held the suburban riding of Hochelaga, with 51.2% of the vote. The new Bloc M.P Daniel Paille, a former corporate executive and provincial Minister of Industry, is a political heavy-weight with extensive business (including U.S.) and high-level political connections. AmConGen Montreal contacts believe Paille will noticeably strengthen the Bloc team in Ottawa. The NDP ran an aggressive campaign, and finished a surprising second at 19.5% of the vote, edging out the Liberals, who had placed second in the riding in the 2008 federal election. The Liberals saw their share of the vote slip from 20.6% in 2008 to 14.3% in this vote.

RECLAIMING SEATS IN THE EAST AND WEST

¶4. (U) In Nova Scotia, the Conservatives easily reclaimed their former stronghold of Cumberland-Colchester-Musquodoboit Valley, with 45.8% of the vote. The NDP finished second at 25.7%. The

Liberals produced their best showing of the evening at 21.3%, but still trailed in third place.

¶ 5. (U) In British Columbia, the NDP easily held its seat in New Westminster-Coquitlam at 49.6% of the vote. The Conservatives, at 35.8%, largely maintained their vote share from the 2008 election (38.8%), as did the Liberals, at 10.3% (down from 11.2% in 2008, however).

A MORE CONSERVATIVE HOUSE

¶ 6. (U) Following the by-elections, the Conservatives have 145 seats in the 308-seat House of Commons, the Liberals 77, the Bloc Quebecois 48, and the NDP 37 seats. There is one Independent. As the Independent MP tends to vote as a Conservative, Prime Minister Stephen Harper is now nine seats short of a working majority.

LIBERAL LAMENT

¶ 7. (U) Once the outcome of the by-election votes was clear,

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Ignatieff issued a statement congratulating the winners and thanking the Liberal candidates, but admitting that "we have a lot of work ahead of us." He emphasized that "our job in the months ahead is to earn the confidence and support of the Canadians."

¶ 8. (SBU) Comment: By-elections traditionally favor opposition parties, so the Conservatives' performance was especially notable. These four local races were the voters' first opportunity to render judgment on the Conservatives' handling of the recession, as well as on Ignatieff's leadership of the Liberal party. Going into the campaign, the Conservatives had downplayed expectations, while quietly throwing significant resources into the races and these ridings, particularly in Quebec. Their upset win in eastern Quebec suggests the party remains competitive in the province -- contrary to most polls - at least in selected, targeted rural ridings. However, AmConGen Quebec City contacts cautioned that the Conservatives will have to deliver on their "get back on the side in power" campaign in the next federal election against a concerted Bloc push to get out the vote. The results are a win-win for the governing party, confirming trends in recent polls showing the Conservatives strengthening across the country and apparently on track with a growing number of voters. The NDP has also succeeded in aggressively opposing the government while refraining from bringing it down (using the excuse of Employment Insurance legislation). In contrast, the results had absolutely no silver lining for the Liberals, whose morale must be even lower after these by-elections, with no clear path for any quick rebounding. The Conservatives are clearly again eyeing a possible majority win in the next federal election, whenever it will be -- but almost certainly sometime in 2010.

JACOBSON